

~~SECRET~~ ~~CONFIDENTIAL~~

Approved For Release 2001/07/30 : CIA-RDP78-05538A000200040016-9
SECURITY INFORMATION DRAFT

28 March 1952

SUBJECT: Recording and Reporting of Obligations

I. The Problem

1. To devise a workable system for recording and reporting obligations or commitments of official funds made by CIA officials so as to currently reflect the status of Agency funds committed and uncommitted, and permit full utilization of Agency allocations.
2. Normally obligations are controlled within governmental agencies by designating specific officials who can incur obligations, prescribing standard forms and methods by which official obligation can be incurred, designating central points to which such documents can flow for recording and reporting purposes, and subjecting unliquidated obligations to continuous analysis to "drain off the water" where there have been overestimates, etc. The problem of CIA is to provide the control steps outlined above. However, the problem is rendered difficult and complex because of the following factors:
 - a. There are a large number of persons within the Agency who have authority to commit Agency funds and their authority is not clearly defined.
 - b. In many instances, obligations or commitments are not reduced to written form, and the commitments in many instances are of a contingent nature and

~~CONFIDENTIAL~~

Approved For Release 2001/07/30 : CIA-RDP78-05538A000200040016-9

~~SECRET~~

~~CONFIDENTIAL~~

~~SECRET~~ INFORMATION

therefore not reduceable to positive dollar figures except as a speculative estimate.

- c. Many commitments made abroad are in foreign currencies which are affected by fluctuating exchange rates.
- d. Most commitments made in connection with Agent operations are made without regard to the fiscal year concept used in normal Government operations.
- e. Some commitments are made against "vouchered" funds and some against "unvouchered" funds for support of the same project or activity. This requires a correlation between the Finance and Fiscal Division obligations before overall obligations can be determined.
- f. The geographical dispersion of our activities and the size and "security cover" of our installations makes it difficult to secure timely and reliable reporting.
- g. The variety of devices, cut-outs, systems, etc., used in the support of Agency activities forces *adms* inconsistencies and precludes the establishment of normal efficient patterns, *and hence* reliance upon indirect sources for data upon which dollar estimates are obtained in establishing obligations, resulting in inaccurate estimates of costs.
- h. The unprecedented nature of certain activities prevents accurate pre-estimates of costs.

~~CONFIDENTIAL~~

~~SECRET~~

~~SECRET~~
SECURITY INFORMATION

3. There is an impressive unanimity of opinion that the present patchwork system of recording obligations, composed of an uncorrelated mixture of traditional procedures and of extemporized temporary systems developed under emergency conditions, should be improved upon. However, there appears to be no single traditional system which will adequately cover all of the kinks, quirks, and contingencies inherent in the operation of an intelligence organization. This forces us to the following conclusion:

- a. The problem must be approached upon a selective basis. That is, we must devise separate procedures for the various types of installations, activities, or situations.
- b. We must concentrate first upon those situations or activities involved in the obligation of the largest sums of Agency funds.
- c. We must recognize that many of the "obligations" established are at best only estimates, and therefore must be subjected to constant analysis and revision and individualized supervision.
- d. We must enforce prompt reporting of obligations and insure that such reports flow directly to the Finance Office for recording in the official books of record.

II. Plan for Action

It is recommended that separate procedures or instructions be developed for the various types of installations, activities,

CONFIDENTIAL

~~CONFIDENTIAL~~

~~SECURITY INFORMATION~~

or situations outlined below:

- a. Procedure covering the issuance, routing, and recording of routine obligating documents issued at Headquarters such as contracts, purchase orders, travel orders, etc.
- b. Procedure covering the recording of obligation reports from large overseas installation (Class A type stations). This must be divided into two types of reporting:
 - (1) Reports of obligations incurred which are to be discharged through direct payments of cash at the foreign post.
 - (2) Reports of obligations incurred through procurement of materials and services from the Armed Services or other Government agencies abroad which are to be paid at the Headquarters level.
- c. Procedure covering the reporting and recording of obligations of subsidy, proprietary, and "special" activities.
- d. Procedure covering the reporting and recording of small (Class B type stations) overseas installations.
- e. Procedures covering the reporting and recording of miscellaneous, special, and/or contingent obligations incurred by individuals in the various operating offices under security circumstances or conditions which makes it impractical to require individual obligating documents.

~~CONFIDENTIAL~~